

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 07597 041649Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----041806Z 129245 /47

P R 041600Z MAY 77  
FM AMEMBASSY CAIRO  
TO AMEMBASSY JIDDA PRIORITY  
AMEMBASSY KUWAIT PRIORITY  
SECSTATE WASHDC PRIORITY 4698  
INFO AMCONSUL ALEXANDRIA  
AMEMBASSY AMMAN  
AMEMBASSY ABU DHABI  
AMEMBASSY MANAMA  
AMEMBASSY DAMASCUS  
AMEMBASSY DOHA  
AMEMBASSY MUSCAT

C O N F I D E N T I A L CAIRO 7597

EXDIS

E.O. 11652: GDS  
TAGS: EINV, ETRD, EG  
SUBJECT: XEROX INVESTMENT PROJECT

REF: (A) STATE 086009 (B) CAIRO 6508

1. SUMMARY. XEROX OFFICIALS CALLED ON AMBASSADOR MAY 4 TO REVIEW  
PLANNED INVESTMENT PROJECT AND DISCUSS COMPANY'S BOYCOTT  
PROBLEMS. COMPANY REPS INTEND VISIT JIDDA AND KUWAIT FOR  
CONTACTS WITH EMBASSIES AND WITH LOCAL BOYCOTT AUTHORITIES PRIOR  
TO JUNE MEETING OF BOYCOTT COMMITTEE. END SUMMARY.

2. XEROX ATTORNEY WILLIAM C. MILLER AND MIDDLE EAST PROJECT  
MANAGER LOUIS PERILLO, TOGETHER WITH SHAKER A KHAYATT, A  
CONSULTANT HIRED BY COMPANY, CALLED ON AMBASSADOR MAY 4 FOR  
DISCUSSION OF PROPOSED XEROX INVESTMENT PROJECT IN EGYPT AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 07597 041649Z

ASSOCIATED BOYCOTT PROBLEMS. PROJECT, WHICH ACCORDING TO  
XEROX REPS RECEIVED "UNQUALIFIED" APPROVAL BY GOE INVESTMENT  
AUTHORITY MARCH 28, INVOLVES ESTABLISHMENT OF A SERVICE AND  
DISTRIBUTION CENTER IN CAIRO AND AN ASSEMBLY PLANT FOR COPYING  
MACHINES (TO BE SET UP AS A FREE ZONE OPERATION) IN ALEXANDRIA.  
PLANS CALL FOR THE EXPORT OF 75 PERCENT OF THE ASSEMBLY PLANT'S  
OUTPUT TO OTHER ARAB COUNTRIES.

3. XEROX REPS SAID COMPANY HAD ORIGINALLY BEEN PLACED ON BOYCOTT LIST ABOUT TEN YEARS AGO FOR SPONSORING TV FILM ON BIRTH OF ISRAEL. LATER, FIRM HAD SET UP COMPANY IN ISRAEL TO MARKET COMPUTERS. XEROX ABANDONED COMPUTER BUSINESS ABOUT TWO YEARS AGO AND HAD WANTED, EVEN APART FROM BOYCOTT CONSIDERATIONS, TO CLOSE DOWN ISRAELI OPERATION WHICH HAD NEVER BEEN PROFITABLE.

4. XEROX HAS HAD A NUMBER OF CONTACTS WITH BOYCOTT OFFICIALS BOTH AT CENTRAL OFFICE IN DAMASCUS AND AT NATIONAL LEVEL IN VARIOUS ARAB COUNTRIES. IN ORDER TO BE REMOVED FROM BOYCOTT LIST, CENTRAL BOYCOTT OFFICE HAD REQUIRED NOT ONLY THAT COMPANY DIVEST ITSELF OF ISRAELI SUBSIDIARY, BUT THAT IT DEMONSTRATE BREAK WAS COMPLETE, E.G., BY GIVING EVIDENCE THAT ALL CAPITAL HAD BEEN REPATRIATED. COMPANY HAD SOME PROBLEMS WITH LATTER POINT, SINCE ITS INITIAL INVESTMENT AGREEMENT WILL PREVENT ANY CAPITAL REPATRIATION FOR ANOTHER SEVERAL YEARS. MOREOVER, ISRAELI SUBSIDIARY HAS BEEN SOLD TO ITS OWN EMPLOYEES, IN ABSENSE OF INTEREST BY OTHER BUYERS, AND XEROX WAS REQUIRED TO MAINTAIN CERTAIN TECHNICAL SERVICES. UNDER SOME CIRCUMSTANCES, COMPANY MIGHT EVEN BE REQUIRED TO PUT MORE MONEY INTO ENTERPRISE. XEROX NEVERTHELESS HOPES THAT WITH ASSISTANCE OF MORE FLEXIBLE ARAB STATES, THESE PROBLEMS CAN BE OVERCOME.

5. ACCORDING TO XEROX REPS, NEXT MEETING OF BOYCOTT COMMITTEE WILL BE JUNE 8 IN EGYPT. (EMBASSY AND AMCONGEN ALEXANDRIA ALSO UNDERSTAND THAT MEETING, PREVIOUSLY SCHEDULED FOR MAY 7, IS TO BE POSTPONED.) XEROX HOPES MEETING  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 07597 041649Z

WILL RESULT IN REMOVING COMPANY FROM BOYCOTT LIST TO ENABLE IT TO OPERATE EVERYWHERE IN ARAB WORLD. COMPANY ASSUMES IT COULD NOW BEGIN OPERATIONS IN EGYPT, BUT QUESTION REMAINS WHETHER AND TO WHAT EXTENT GOE AUTHORITIES ARE WILLING TO ASSIST COMPANY TO GET OFF LIST ENTIRELY.

6. AMBASSADOR NOTED THAT EGYPTIAN POSITION ON THIS MATTER HAD NOT BEEN CONSISTENT. FONMIN FAHMY HAD RETREATED FROM EARLIER WILLINGNESS TO ACTIVELY ASSIST IN HAVING FORD AND COCA COLA REMOVED FROM BOYCOTT LIST. GOE POSITION NOW SEEMS TO BE THAT HIGHER LEVELS OF GOE WOULD NOT PLAY ACTIVE ROLE IN PROCESS BUT HAD NO OBJECTION IF EGYPTIAN BOYCOTT OFFICE WENT TO BAT FOR COMPANIES. (SEE REF. B) XEROX REPS WILL BE VISITING OTHER ARAB CAPITALS  
IN ATTEMPT LINE UP SUPPORT FOR COMPANY'S REMOVAL FROM LIST AT JUNE MEETING. AMBASSADOR AGREED TO SEEK MEETING FOR KHAYATT WITH FONMIN FAHMY IN LATE MAY TO PLEAD COMPANY'S CASE WITH THE KEY GOE OFFICIAL IN THIS AREA PRIOR TO JUNE MEETING.

7. FOR KUWAIT AND JIDDA. XEROX OFFICIALS PLAN BE IN KUWAIT  
THURSDAY, MAY 5 AND JIDDA SUNDAY MAY 8 FOR TALKS WITH EMBASSIES  
AND LOCAL BOYCOTT OFFICIALS. THEY ASKED THAT  
RESPECTIVE EMBASSIES BE INFORMED OF VISIT. THEY HOPE TO HAVE  
APPOINTMENTS WITH AMBASSADORS AT EACH POST.  
EILTS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, INVESTMENTS, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 04-May-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977CAIRO07597  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770156-0824  
**Format:** TEL  
**From:** CAIRO  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770597/aaaadfnb.tel  
**Line Count:** 122  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 7ab9309b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 77 STATE 86009, 77 CAIRO 6508  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 24-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2648590  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** XEROX INVESTMENT PROJECT  
**TAGS:** EINV, ETRD, EG, US, XEROX  
**To:** JIDDA KUWAIT  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/7ab9309b-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009